



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Mid-Wisconsin Financial Services, Inc.

Person to be contacted regarding this report:	James F. Warsaw
CPP Funds Received:	\$10,000,000
CPP Funds Repaid to Date:	\$0
Date Funded (first funding):	2/20/2009
Date Repaid ¹ :	

RSSD: (For Bank Holding Companies)	1139185
Holding Company Docket Number: (For Thrift Holding Companies)	N/A
FDIC Certificate Number: (For Depository Institutions)	13273
City:	Medford
State:	Wisconsin

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/> Increase lending or reduce lending less than otherwise would have occurred.	The extra capital provided by CPP funds enabled us to increase our lending activities during 2009.
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<input checked="" type="checkbox"/>	<p>To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).</p>	<p>In 2009 we extended 924 residential mortgage loans to qualified borrowers totalling \$66.7million compared to 629 loans totalling \$35.8million in 2008. We also increased our commercial loan portfolio by \$8.6 million, factoring out related charge-offs of \$2.5 million.</p>
<input checked="" type="checkbox"/>	<p>Increase securities purchased (ABS, MBS, etc.).</p>	<p>In view of weak economic conditions our overall loan demand was soft in 2009. We consequently increased our investment portfolio by \$22.4 million, of which \$16.7 million was in Mortgage Back Securities.</p>
<input type="checkbox"/>	<p>Make other investments</p>	
<input checked="" type="checkbox"/>	<p>Increase reserves for non-performing assets</p>	<p>The level of our loan loss provisions of \$8.5 million in 2009 compares to \$3.2 million in 2008. Our loan loss reserve to total loans outstanding (coverage ratio) improved from 1.24 at 12/31/08 to 2.19 at 12/31/09.</p>

<input checked="" type="checkbox"/>	Reduce borrowings	We were able to reduce the level of our long term FHLB borrowings by \$6.9 million.
<input checked="" type="checkbox"/>	Increase charge-offs	Net charge-offs for 2009 were \$5.1 million compared to \$2.8 million in 2008.
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	\$4.5 million of CPP funds are still held at the holding company and will be used to support additional capital in the bank as needed.

What actions were you able to avoid because of the capital infusion of CPP funds?

The infusion of capital provided by CPP funds enabled us to remain responsive to the credit and financial needs of our local communities. Thereby avoiding a contraction of credit availability.

We were also able to delay decisions on the sale or closure of several branch locations.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

With the availability of capital provided by CPP we were able to assist otherwise credit worthy loan customers with loan modifications in the form of payment deferrals, interest rate reductions, longer amortization schedules and additional funding as deemed appropriate. We were able to assist commercial customers with the acquisition of new businesses, provide floor plan and long term working capital financing to auto dealerships under stress; increased lines of credit available to contractors to support their bonding needs to participate in new projects made available as a result of the stimulus package. CPP funds also enabled us to work closely with dairy farmers whose cash flows were impacted as a result of economic conditions.

For example:

- Mid Wisconsin Bank provided extensions/modifications on 577 loans representing \$83.3 million in credit to local credit worthy customers whose cash flows were negatively impacted by the decline in local economic conditions.
- Mid Wisconsin Bank entered into forbearance agreements with 78 commercial loan customers in an effort to help them keep their businesses viable.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

See above